

## Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 L-03 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 /045 R

DRAFTED BY EB/FTD:AJWILLIAMS:CSH

APPROVED BY EB/FTD:CANGEVINE

USDA:GRATHELL

EA/ROC:HENGELBRECHT

EA/PHL:RWILLNER

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R 101759Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

AMEMBASSY TAIPEI

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EO 11652:

TAGS: ETRD, PH, CH

SUBJECT: COTTON CONTRACT PROBLEMS

REF: MANILA 657

1. AS EMBASSY IS AWARE COTTON PRICES HAVE RISEN ENOUGH  
SO THAT SOME CONTRACTS ON ASSURANCE ANNEX MAY QUOTE PRICES  
BELOW CURRENT MARKET. AS A RESULT, U.S. EXPORTERS IN  
SOME CASE MAY PREFER TO CANCEL CONTRACTS. WE HAVE TAKEN  
POSITION THAT U.S. EXPORTERS HAVE RIGHT TO CANCEL THESE  
CONTRACTS BUT ONLY AFTER DUE NOTICE TO MILL.

2. ACEA HAS DEVELOPED A PROCEDURE FOR CANCELLATION AFTER  
NOTIFICATION CONTAINED IN A LETTER TO JOE WILLIAMS  
EB/FTD, STATE. TEXT OF LETTER IS AS FOLLOWS.QUOTE  
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DEAR JOE: ENCLOSED IS THE TEXT OF A COMMUNICATION REGARD-  
ING CANCELLATION WHICH IS BEING TRANSMITTED TO ALL ACEA  
MEMBERS.

AS WE DISCUSSED ON THE TELEPHONE, I SHALL BE COUNSELLING  
ADHERANCE TO THE FOLLOWING PROCEDURES WHEN A CANCELLATION  
IS DESIRED:

(1) THE SHIPPER SHALL GIVE TELEX NOTICE TO THE  
MILL, WITH COPIES TO THE U.S. EMBASSY IN THE AFFECTED  
COUNTRY, THE MILL ASSOCIATION OR GOVERNMENT AGENCY IN  
THAT COUNTRY, GERON AND YOURSELF, THAT IT INTENDS TO  
CANCEL THE STATED CONTRACT UNLESS A VALID AND OPERATIVE  
LETTER OF CREDIT HAS BEEN RECEIVED BY THE SHIPPER WITHIN  
FOURTEEN DAYS (OR ANY LONGER PERIOD THAT THE SHIPPER)  
MAY CHOOSE) OF THE DATE OF THE TELEX NOTICE.

(2) WITH RESPECT TO WHETHER THE SHIPPER MAY  
REQUIRE THAT CARRYING CHARGES MUST BE INCLUDED IN THE  
LETTER OF CREDIT IN ORDER TO PREVENT CANCELLATTON, I  
WILL SO ADVISE ONLY IF I AM SATISFIED, UPON THE FACTS  
OF THE PARTICULAR CASE, THAT SUCH REQUIREMENT (AS WELL  
AS THE AMOUNT) IS CONSISTENT WITH NORMAL TRADE PRACTICE.

I TRUST THAT YOU HAVE NO PROBLEM WITH ANY OF THE  
FOREGOING AND WILL ADVISE THE EMBASSIES IN WHATEVER  
MANNER YOU SEE FIT.

BEST REGARDS. VICTOR S. FRIEDMAN. END QUOTE.

3. EMBASSY SHOULD ADVISE HOST GOVERNMENTS OF FRIEDMAN'S  
PROPOSED PROCEDURE, AND REPORT REACTION TO DEPT ASAP.  
WE WILL ADVISE FRIEDMAN OF GROG AND GOP REACTIONS. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, POLICIES, CONTRACTS, PRICES, EXPORTERS, DEPARTMENTAL COMMUNICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE032431  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** AJWILLIAMS:CSH  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760051-0441  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760263/aaaacdbv.tel  
**Line Count:** 94  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 MANILA 657  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Media Identifier:**  
**Review Referrals:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COTTON CONTRACT PROBLEMS  
**TAGS:** ETRD, RP, CH, US  
**To:** MANILA TAIPEI  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006